NUEXCO

EXECUTIVE SUMMARY
REPORT 198
(All data as of January 31, 1985)

Exchange Value
$15.00, down $0.25

The **Exchange Value** is **$15.00** per pound U_3O_8, down $0.25 since last month. One recent natural uranium sale is reported, involving approximately 100 to 300 thousand pounds U_3O_8 equivalent. It involved delivery prior to 1986, and also met the conditions for inclusion in the Transaction Value.

Supply-Demand Ratio
rose to 3.3:1

Active spot and near-term **uranium supply** amounts to **4.2 million** pounds U_3O_8 equivalent, up 540 thousand pounds since last month. Active spot and near-term **uranium demand** totals **1.3 million** pounds, up 15 thousand pounds. The spot and near-term **supply-demand ratio** increased to **3.3:1.**

Transaction Value
rose to $16.20

The **Transaction Value** is **$16.20** per pound U_3O_8, up $0.30 since last month. The calculation includes 14 transactions involving a total of 2.1 million pounds U_3O_8 and equivalent UF_6, and covers a period of 7 months.

Loan Use Charge Rate
unchanged at 6%

The **Loan Use Charge Rate** remains **6 percent** per annum in a dormant market.

Conversion Value
rose to $1.00

The **Conversion Value** is **$1.00** per pound U as UF_6, up $0.20 since last month. One secondary market conversion transaction is reported, involving approximately 500,000 pounds U as UF_6. Active secondary market demand for conversion services for delivery within three years totals 760 thousand pounds U as UF_6. No active supply is reported.

SWU Values:
$112 for DOE-origin (FY85)
$15 discount for FY86
$80 for non-DOE origin
(calendar year 1985)
$90 for calendar year 1986

The **SWU Values** for DOE origin at .3 tails and certifiable as excess, are **$112** per SWU for FY85 delivery, and **$15** per SWU discount from DOE base price for FY86 delivery, both unchanged from last month. SWU Values for other SWUs (non-DOE or non-certifiable) are **$80** per SWU for calendar year 1985 delivery, and **$90** per SWU for calendar year 1986 delivery. One secondary market SWU transaction is reported, involving less than 50 thousand SWUs. In addition, one low-enriched uranium sale is reported.

Basic Considerations

Allied Corporation and Sequoyah Fuels provide primary UF_6 conversion services in the USA and supply about forty percent of UF_6 conversion for reactors worldwide.

Australia

ERA's two recently announced long-term supply contracts with US utilities probably are structured as call options, the primary effect of which will be to diminish the market available to promoters of the Olympic Dam project.

South Africa

Fourth quarter Chamber of Mines uranium production was the lowest in 1984; total production in 1984 declined, but the depreciation of the rand contributed to another prosperous year for gold/uranium producers.

United States

DOE announced an offer from TVA for low-cost electricity for its enrichment plants, but the actual savings will amount to less than one dollar per SWU.

Raw Materials

Uranium exploration and mining activities in the USA declined steadily in 1984. Many operations shut down as production dropped more than 25 percent.

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NUEXCO REPORT 198 FIGURES OF THE MONTH (January 31, 1985)	This Month (Report 198)	Last Month (Report 197)	12 Months Ago (Report 186)
Exchange Value[1]	15.00	15.25	20.50
Transaction Value[1]	16.20	15.90	23.05
Loan Use Charge Rate[2]	6%	6%	6%
Conversion Value[3]	1.00	0.80	0.60
Near-Term Uranium Supply[4]	4.2	3.6	4.2
Near-Term Uranium Demand[5]	1.3	1.3	0.5
Near-Term Supply-Demand Ratio	3.3	2.9	8.3
Recent Uranium Sales:			
Number of Transactions[6]	1	7	5
Quantity of Material[7]	0.1-0.3	2.6	5.1-10.0
Nuexco SWU Values:[8]			
DOE origin, certifiable as excess, 0.3 tails assay			
FY85 delivery	112	112	—
FY86 delivery	15[9]	15[9]	—
Other SWUs (non-DOE or non-certifiable)			
1985 delivery	80	80	—
1986 delivery	90	90	—
USDOE SWU Prices:			
USEC	135.00	135.00	135.00
AFC	153.00[10]	153.00[10]	138.65
Requirements	157.00[10]	157.00[10]	149.85
Market Value of Enriched UF_6[11] [12]:			
2.5 w/o U_{235}	506	507	586
3.0 w/o U_{235}	656	657	753
3.5 w/o U_{235}	808	810	923
4.0 w/o U_{235}	964	965	1,095

[1] US $ per pound U_3O_8 equivalent.
[2] Per annum.
[3] US $ per pound U as UF_6.
[4] Active inquiries to sell, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[5] Active inquiries to purchase, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[6] Uranium sales only; does not include loans, conversion, or SWU transactions.
[7] Millions of pounds U_3O_8, equivalent.
[8] US $ per SWU.
[9] Discount from USEC base price on delivery.
[10] Effective 10/1/84.
[11] Calculated using the Nuexco Exchange Value, Conversion Value, and 0.30 percent tails assay. From 10/31/83 through 2/29/84, calculations used the Nuexco SWU Value for DOE origin and FY84 delivery. As of 3/31/84, calculations use the Nuexco SWU Value for DOE origin and FY85 delivery.
[12] US $ per KgU as UF_6, rounded to the nearest $.

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